



Department of Toxic Substances Control



Edwin F. Lowry, Director
1011 N. Grandview Avenue
Glendale, California 91201

Winston H. Hickox
Agency Secretary
California Environmental
Protection Agency

Gray Davis
Governor

June 14, 2001

Mr. Allan C. Lerch, President
Porcelain Metals Corporation
1400 South Thirteenth Street
Louisville, Kentucky 40210-1834

FORMER CALIFORNIA METAL ENAMELING COMPANY (LOT 1) LOCATED AT
6840 EAST SLAUSON AVENUE, COMMERCE, CALIFORNIA

Dear Mr. Lerch:

The Department of Toxic Substances Control (DTSC) has completed review of the Preliminary Endangerment Assessment (PEA) Report, submitted by Hargis + Associates dated May 18, 2001. The PEA Report documents the PEA investigation activities for the Former California Metal Enameling Company (CAMEO) located at 6840 East Slauson Avenue (Lot 1), Commerce, California.

According to information provided in the PEA, the site is currently vacant land with no structures. Prior to 1990, the site was used as a porcelain enameling plant, where porcelain enamel coatings were prepared and applied to a variety of metal surfaces such as highway and outdoor advertising signs. The PEA indicates that soil sampling and analyses were conducted for total petroleum hydrocarbons (TPH), polynuclear aromatic hydrocarbons (PAHs), volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs), and metals. Results from sampling indicated low concentrations of PAHs, cadmium, copper and lead in soil.

Based upon DTSC's review of the data presented and discussed in the PEA Report, Lot 1 does not appear to pose a threat to human health or the environment under any land use. Therefore, DTSC determines that no further action is necessary with respect to investigation and remediation of hazardous substances for Lot 1 of the former CAMEO Site. As with any real property, if previously unidentified contamination is discovered at the site, additional assessment, investigation, and/or cleanup may be required.

Mr. Allan C. Lerch
June 14, 2001
Page 2

If you have any questions, please contact Tedd Yargeau, Project Manager, at (818) 551-2864 or me at (818) 551-2831.

Sincerely,



Rita Kamat
Unit Chief
Southern California Cleanup Operations Branch-Glendale Office

cc: Mr. Donald C. Nanney, Esq.
Gilchrist & Rutter
355 South Grand Avenue, Suite 4100
Los Angeles, California 90071

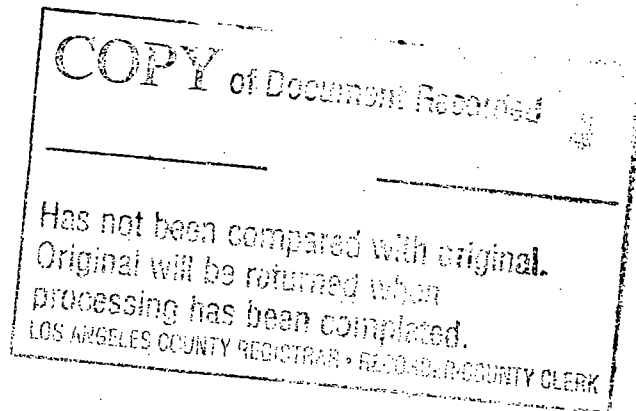
Mr. Michael A. Palmer
Hargis + Associates, Inc.
Mission City Corporate Center
2365 Northside Drive, Suite C - 100
San Diego, California 92108

Mr. Rob Loeffler
Advanced GeoEnvironmental, Inc.
3315 East Miraloma Avenue, Suite 117
Anaheim, California 92806

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Chalmers Equity Corporation
7820 Industry Avenue
Pico Rivera, CA 90660
Attention: Tracy John Chalmers

MAIL TAX STATEMENT TO:
same address as above



(Above Space for Recorder's Use Only)

CORPORATION GRANT DEED

(Amount of Documentary Transfer Tax
Shown on Attached Document – Not for Public Record)

FOR A VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY
ACKNOWLEDGED, PORCELAIN METALS CORPORATION, a Kentucky corporation,
successor by merger to California Metal Enameling Company, a former California corporation,
and Kenfield Corporation, a former California corporation ("**Grantor**"), hereby grants to
FORCE FINANCIAL CORP., a California corporation, as to an undivided 50% interest, and
THE HEATON COMPANY, a California corporation, as to an undivided 50% interest, all as
tenants in common ("**Grantee**"), the real property located in the City of Commerce, County of
Los Angeles, State of California, and described on Exhibit "A" attached hereto and incorporated
herein by reference (the "**Property**"), subject to conditions, restrictions and matters of record,
and subject to a reserved, non-exclusive, perpetual easement for access, ingress and egress by
pedestrians and motor vehicles and purposes of fire lane and utilities in the portion of the
Property described on Exhibit "B" attached hereto and incorporated herein by reference (the
"**Easement Area**"), which easement shall be appurtenant to and for the use and benefit of, and
shall run with, the Grantor's real property located in the City of Commerce, County of Los
Angeles, State of California, and described on Exhibit "C" attached hereto and incorporated
herein by reference (the "**Adjacent Property**").

Dated: November 17, 1999

PORCELAIN METALS CORPORATION,
a Kentucky corporation

By: Allan C. Lerch
Name: Allan C. Lerch
Title: President

EXHIBIT "A"

THE PROPERTY

LOT 1 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT ALL OIL, GAS, HYDROCARBONS AND OTHER MINERALS, WITHIN SAID LAND BUT WITHOUT THE RIGHT TO ENTER UPON OR USE THE SURFACE OF SAID LAND OR ANY PART OF THE SUBSURFACE THEREOF WHICH IS LESS THAN 50 FEET BENEATH THE SURFACE, AS EXCEPTED AND RESERVED BY APEX STEEL CORPORATION LTD., A CORPORATION, IN DEED RECORDED FEBRUARY 6, 1946, IN BOOK 22768, PAGE 198 OF OFFICIAL RECORDS.

EXHIBIT "B"

THE EASEMENT AREA

EASEMENT FOR ACCESS, INGRESS AND EGRESS TO LOT 2 OVER A PORTION OF LOT 1 IN LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE NORTHWESTERLY 30.00 FEET OF THE SOUTHEASTERLY 50.00 FEET OF THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXHIBIT "C"

THE ADJACENT PROPERTY

LOT 2 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE SOUTHWESTERLY 384.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THE NORTHWESTERLY 70 FEET OF THE SOUTHWESTERLY 50 FEET THEREOF.

TOGETHER WITH:

THE SOUTHWESTERLY 212.05 FEET OF THE NORTHWESTERLY 330.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO THE DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN PROPERTY CONVEYED TO MILO F. BURKE AND GORDON W. SCHULTZ, BY DEED RECORDED IN BOOK 20750 PAGE 18, OFFICIAL RECORDS, SAID POINT BEING SOUTH 62° EAST 330.91 FEET ALONG THE SOUTHWESTERLY LINE OF SAID LOT 43, FROM THE MOST WESTERLY CORNER THEREOF; THENCE NORTH 28° EAST ALONG THE SOUTHEASTERLY LINE OF THE AFOREMENTIONED PROPERTY 212.05 FEET; THENCE NORTH 62° WEST 29.86 FEET TO THE TRUE POINT OF BEGINNING, SOUTHWESTERLY A DISTANCE OF 263.53 FEET ALONG THE ARC OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 267.76 FEET WHICH

BEARS NORTH 44° 10' 23" WEST FROM SAID TRUE POINT OF BEGINNING, TO A POINT OF COMPOUND CURVE; THENCE WESTERLY A DISTANCE OF 38.85 FEET; MEASURED ALONG THE ARC OF A CURVE HAVING A RADIUS OF 279.44 FEET; BEARING NORTH 12° 13' 03" EAST FROM SAID POINT OF COMPOUND CURVE; THENCE NORTH 69° 49' 01" WEST 61.92 FEET TO A POINT IN A LINE WHICH IS PARALLEL WITH AND 20 FEET NORTHEASTERLY OF, MEASURED AT RIGHT ANGLES, TO THE SOUTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH 62° WEST ALONG SAID PARALLEL LINE 19.64 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH 28° EAST THEREON 192.05 FEET; THENCE SOUTH 62° EAST 301.05 FEET TO THE TRUE POINT OF BEGINNING.

SAID LOT 2 SHALL ALSO INCLUDE AN EASEMENT FOR ACCESS, INGRESS, AND EGRESS DESCRIBED AS FOLLOWS:

THE NORTHWESTERLY 30.00 FEET OF THE SOUTHEASTERLY 50.00 FEET OF THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF KENTUCKY

COUNTY OF Jefferson

On November 17, 1999 before me, STUART C. melvin, personally appeared Allan C. Lerch,

☒ personally known to me - OR - ☐

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Stuart C Melvin

(SIGNATURE OF NOTARY)

Notary Public, State of Larn. KY

My commission expires Sept. 23, 2001

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

President

TITLE(S)

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

☐ OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Corporation Grant Deed

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Porcelain Metals Corporation, a Kentucky corporation

SIGNER(S) OTHER THAN NAMED ABOVE

REQUEST THAT STATEMENT OF
DOCUMENTARY TRANSFER TAX NOT BE RECORDED

Los Angeles County Recorder
12400 E. Imperial Highway
Norwalk, CA 90650

To Whom It May Concern:

The undersigned hereby requests that this Statement of Transfer Tax Due not be recorded with the attached Deed but be affixed to the Deed after recordation and before the Deed is returned as directed on the Deed.

The attached Deed names PORCELAIN METALS CORPORATION, a Kentucky corporation, as Grantor, and FORCE FINANCIAL CORP., a California corporation, as to an undivided 50% interest, and THE HEATON COMPANY, a California corporation, as to an undivided 50% interest, all as tenants in common, as Grantee. The property subject to this Deed is located in City of Commerce, Los Angeles County, California. The amount of the Documentary Transfer Tax is \$691.35.

- ☒ (X) computed on full value of property conveyed, or
- ☐ () computed on full value less value of liens and encumbrances remaining at time of sale
- ☐ () unincorporated area:
- ☒ (X) City of Commerce

This request is made pursuant to Sections 11932 and 11933 of the California Revenue and Taxation Code.

PORCELAIN METALS CORPORATION,
a Kentucky Corporation

By: _____
Name: Allan C. Lerch
Title: President

**REQUEST THAT STATEMENT OF
DOCUMENTARY TRANSFER TAX NOT BE RECORDED**

Los Angeles County Recorder
12400 E. Imperial Highway
Norwalk, CA 90650

To Whom It May Concern:

The undersigned hereby requests that this Statement of Transfer Tax Due not be recorded with the attached Deed but be affixed to the Deed after recordation and before the Deed is returned as directed on the Deed.

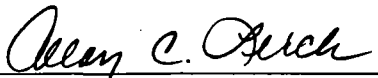
The attached Deed names PORCELAIN METALS CORPORATION, a Kentucky corporation, as Grantor, and FORCE FINANCIAL CORP., a California corporation, as to an undivided 50% interest, and THE HEATON COMPANY, a California corporation, as to an undivided 50% interest, all as tenants in common, as Grantee. The property subject to this Deed is located in City of Commerce, Los Angeles County, California. The amount of the Documentary Transfer Tax is

~~\$690.95~~ #691.35 / RCL

- ☒ (X) computed on full value of property conveyed, or
- ☐ () computed on full value less value of liens and encumbrances remaining at time of sale
- ☐ () unincorporated area:
- ☒ (X) City of Commerce

This request is made pursuant to Sections 11932 and 11933 of the California Revenue and Taxation Code.

PORCELAIN METALS CORPORATION,
a Kentucky Corporation

By: 
Name: Allan C. Lerch
Title: President

99 2161733

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

1:01 PM NOV 19 1999

SPACE ABOVE THIS LINE RESERVED FOR RECORDER S USE

TITLE(S)

FEE CODE	N/A	N/A	0	20	9_	19	04	19
REC. FEE	NO. PAGES	NO TITLES	PCOR	D.A. FEE	SURVEY MON.	NOTIF.	INVOL LIEN	NON CONF.

25

EXAMINER S INT.

Assessor s Identification Number (AIN)
To Be Completed By Examiner Or Title Company In Black Ink

Number of Parcels Shown

RECORDING REQUESTED BY
OLD REPUBLIC TITLE COMPANY

WHEN RECORDED RETURN TO.

99 2161733

Name: PORCELAIN METALS CORP.
C/O: GILCHRIST & RUTTER
Address: 355 S. GRAND AVENUE #400
City, St.: LOS Angeles, ca.
Zip: 90071

D.A. FEE Code 20 \$ 2.00

FEE \$ 76 XX

SPACE ABOVE FOR RECORDERS USE

Order No. 779633-44

TITLE(s) OF DOCUMENT

**REMEDICATION EASEMENT AGREEMENT AND
ENVIROMENTAL RESTRICTIONS**

Assessors Identification Number (AIN) 6356 - 017 - 007

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

99 2161733

Porcelain Metals Corporation
c/o Gilchrist & Rutter Professional Corp.
355 So. Grand Avenue, Suite 4100
Los Angeles, CA 90071-1560
Attention: Donald C. Nanney, Esq.

"This is a conveyance of an easement and
the consideration and value is less than \$100;
R & T 11911."

**REMEDATION EASEMENT AGREEMENT
AND ENVIRONMENTAL RESTRICTIONS**
(Lot 1)

This Remediation Easement Agreement and Environmental Restrictions, dated as of November 17, 1999 (this "**Agreement**"), pertains to Lot 1 (as defined herein) and is entered into by and between THE HEATON COMPANY, a California corporation, FORCE FINANCIAL CORP., a California corporation, and CHALMERS EQUITY CORPORATION, a California corporation (collectively, "**Grantor**"), and PORCELAIN METALS CORPORATION, a Kentucky corporation ("**Grantee**"). Certain capitalized terms used herein are defined in Section 3, below.

RECITALS

A. Grantee has been the owner of Lot 1 and Lot 2 (as defined herein) and has been performing and anticipates performing in the future certain Remediation (as defined herein) of certain Hazardous Materials Conditions (as defined herein) at Lot 1 and Lot 2 subject to the jurisdiction of the California Environmental Protection Agency, Department of Toxic Substances Control (the "**Department**") or any other governmental authority with jurisdiction of the Remediation.

B. On the Effective Date, Grantee is selling and conveying to Grantor, and Grantor is purchasing and accepting from Grantee, all of Grantee's right, title and interest in and to Lot 1 (sometimes referred to herein as the "**Property**"); and Grantee is retaining title to Lot 2.

C. Force Financial Corp. is taking title to an undivided 50% interest in and to the Property, as a tenant in common with The Heaton Company, solely as an accommodator to facilitate a tax deferred exchange by Chalmers Equity Corporation and with the obligation to convey its interest in the Property to Chalmers Equity Corporation upon completion of the exchange.

D. In consideration of the purchase and sale of the Property, Grantee and Grantor are entering into this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor and Grantee hereby agree as follows:

1. Purpose of Easement. The purpose of this Agreement is to specify the rights and obligations of the Grantor and Grantee so as to allow Grantee to enter on the Property and have access rights to the Property on and after the Effective Date (as defined herein) to perform Remediation of Hazardous Materials Conditions at or about the Property, subject to the jurisdiction of the Department or any other governmental authority with jurisdiction of the Remediation. This Agreement also allocates rights and obligations between Grantor and Grantee regarding location and relocation of any existing Remediation Equipment (as defined herein) and new Remediation Equipment during the performance of the Remediation on the Property by Grantee until the Governmental Closure (as defined herein) at which time this Agreement shall terminate as provided herein. This Agreement is intended to bind future legal successors and assigns of the parties and Occupants (as defined herein) of the Property, in whole or in part.

2. Performance of Remediation. Grantee shall perform all the work that Grantee undertakes regarding Remediation of Hazardous Materials Conditions in a good and workmanlike manner and in compliance with any and all applicable laws and regulations and requirements of governmental entities with jurisdiction of the Property, including the Department. In performing such work, Grantee shall exercise due care to avoid or minimize any damage to any property on the Property, or any injury to persons, or any unreasonable interference with the business or activities of Grantor or any Occupant of the Property, or any disturbance of the quiet possession of Grantor or any Occupant of the Property. Grantee shall be liable to Grantor and Occupants for any and all damage to or replacement of or loss of use of the improvements, buildings and equipment to be built and installed on the Property, to the extent that such damage or loss of use is caused by the Grantee or its contractors, subcontractors, consultants, employees and others utilizing the Easements on behalf of Grantee. However, Grantee shall not be liable for exercising its rights under the Easements or for occurrences or events inherently incidental to the activities contemplated and permitted by the Easements. Grantee shall indemnify, defend and hold harmless Grantor from and against all claims, liability, losses, costs and expenses (including, without limitation, attorneys' fees, costs and expenses) arising out of or in connection with any breach by Grantee of its obligations under this Section 2.

3. Insurance. Grantee shall obtain and maintain, at its expense, effective as of the Effective Date, and continuing until termination of this Agreement, liability insurance with a liability limit of at least One Million Dollars (\$1,000,000), that names Grantor as an additional insured, in form and content reasonably acceptable to Grantor, and issued by a carrier which is

admitted in California and is otherwise reasonably acceptable to Grantor. Grantee's liability to Grantor is not limited by the amount of such insurance.

4. Definitions.

4.1 **"Additional Definitions."** This Agreement provides additional definitions of certain words and phrases related to the terms and conditions as specified in various sections of this Agreement.

4.2 **"Agreement"** means this Easement Agreement concerning Lot 1, including the following exhibits which are attached hereto and incorporated herein by this reference:

Exhibit "A" Description of Lot 1

Exhibit "B" Description of Lot 2

4.3 **"Conditions to Governmental Closure"** means the following conditions precedent to the termination of the Easements.

4.3.1 Grantee shall have obtained (i) a written communication from the Department or any other State of California or Federal governmental authority with primary jurisdiction over the Remediation, stating that no further Remediation action of Lot 1 is required or an equivalent form of communication to that effect (the **"Governmental Closure"**); or (ii) if after Grantee is unable to do so (for reasons unrelated to the status of the Remediation and/or the environmental condition of Lot 1 or Lot 2), Grantee shall have the right to satisfy the requirement for the Governmental Closure by obtaining, at Grantee's sole cost and expense, a statement in form and substance reasonably satisfactory to Grantor, from a duly qualified environmental consultant reasonably acceptable to Grantor, that states that there are no further requirements or action for any Remediation of Lot 1 under applicable Environmental Laws. The right of Grantor to approve the form and substance of the statement or the qualification of the consultant shall be the sole benefit of Grantor and shall not be available to Grantor's multiple successors, grantees or assigns; provided that, if and when Grantor does not own the entire Property or any part thereof, Grantor shall have the right to assign its rights of approval (as set forth above in this section) to any other single person or entity. The environmental consultant statement and related services shall be paid for by Grantee. If Grantor desires the certification to be made also in the name of a third party (e.g., a lender), then Grantor agrees to pay any additional cost, if any, for obtaining the certification for the benefit of the third party; and

4.3.2 Grantee shall have removed from Lot 1 all above-ground Remediation Equipment installed by Grantee, and shall have abandoned in place all subsurface wells or other Remediation Equipment installed and used by Grantee on Lot 1 in accordance with applicable Environmental Laws. Grantee shall use commercially reasonable efforts, at Grantee's

cost and expense, to remove such above-ground Remediation Equipment and close or abandon the sub-surface wells or other Remediation Equipment in accordance with applicable Environmental Laws as promptly as possible, and in any event within One Hundred Twenty (120) days after (i) Grantee has received the Governmental Closure or an environmental consultant statement with respect to such phase or portion of the Remediation of Lot 1; and (ii) Grantee has determined that such equipment and wells are not and will not be used in connection with any other phase or portion of the Remediation of the Property (except to the extent that such wells, installation or equipment are part of a permanent remedy). Except for the removal of such above-ground Remediation Equipment and closing or abandonment of such subsurface wells, installation or other Remediation Equipment, Grantee shall not be obligated to remove or modify any underground water lines and utilities, roadways and slabs, surface or subsurface caps or other structures that form a part of the permanent Remedy, grading and landscaping, or perform any other work or obligation at or about the Property. At all times during the planning and performance of the Remediation, Grantee shall provide Grantor with copies of all correspondence, plans, requests and orders to and from the Department and other governmental agencies asserting jurisdiction over the Remediation promptly as and when sent and/or received, provided that all of the foregoing items shall be maintained by Grantor in confidence and disclosed only to Grantor's attorneys, consultants, successors and assigns (except as otherwise required by applicable law or valid order of a governmental agency).

4.4 **"Effective Date"** means the date that this Agreement is recorded in the Official Records of Los Angeles County, California.

4.5 **"Environmental Laws"** means any federal, state, or local laws, statutes, regulations, rules, ordinances, codes, licenses, orders, requirements, or permits or other binding determination of any governmental authority with jurisdiction over Lot 1 and Lot 2 in effect at any time that impose liability or establish standards of conduct for the protection of the environment or Remediation of Hazardous Materials Conditions.

4.6 **"Grantee"** means Porcelain Metals Corporation, a Kentucky corporation, and its successors and assigns.

4.7 **"Grantor"** means THE HEATON COMPANY, a California corporation, FORCE FINANCIAL CORP., a California corporation, and CHALMERS EQUITY CORPORATION, a California corporation, and its and their successors, grantees, and assigns including successor owners of Lot 1. Each of the foregoing persons shall no longer be included among the Grantor when such person or entity no longer owns a legal or equitable ownership interest in Lot 1.

4.8 **"Hazardous Materials"** means any hazardous or toxic substance, material or waste whose nature and/or quantity of, presence or effect in, on or under Lot 1 or Lot 2 render

it subject to Environmental Laws as being potentially injurious to public health or the environment and which is specified or classified as such under applicable Environmental Laws.

4.9 **"Hazardous Materials Conditions"** means the presence on, in or under Lot 1 or Lot 2 of Hazardous Materials required to be Remediated by applicable Environmental Laws, that was caused or contributed to by Grantee and that was not caused or contributed to by Grantor or any Occupant of any or all of Lot 1.

4.10 **"Lot 1"** means that certain real property located in the County of Los Angeles, State of California, described on Exhibit "A" attached hereto.

4.11 **"Lot 2"** means that certain real property located in the County of Los Angeles, State of California, described on Exhibit "B" attached hereto.

4.12 **"Occupants(s)"** means any tenant, sub-tenant, licensee or other holder of any legal estate (other than fee simple) of the Grantor that is in possession of Lot 1, in whole or in part, during the term of this Agreement.

4.13 **"Purchase Agreement"** means the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate with Addendum, dated July 16, 1999, between Grantee, as Seller, and Chalmers Corporation, as Buyer, as amended and assigned.

4.14 **"Release"** or **"Releases"** means any Hazardous Materials release, spill, emission, leaking, pumping, spraying, injection, deposit, disposal, discharge, dispersal, leaching or migration at, into, or out of Lot 1 at any time, that was caused or contributed to by Grantee and that was not caused or contributed to by Grantor or any Occupant of any or all of Lot 1.

4.15 **"Remediation"** or **"Remediate"** means all work performed or to be performed to investigate, sample, test, monitor, characterize, remove, move, contain, dispose, treat, or otherwise deal with Hazardous Materials Conditions and Releases in, on, from, under or about Lot 1 and/or Lot 2 in order to render Lot 1 and/or Lot 2 in compliance with applicable Environmental Laws with respect to such Hazardous Materials Conditions and Releases.

4.16 **"Remediation Equipment"** means any and all the monitoring, extraction, injection or recovery wells, water lines, electrical lines, water treatment and discharge facilities/structures, strippers, tanks or any other equipment, piping, units, devices, systems or items now or hereafter owned or operated by Grantee at or about the Property for Remediation.

5. **Grant of Easements.** Subject in all cases to the limitations set forth in this Agreement, Grantor hereby grants and conveys to Grantee each of the following easements and rights-of-way (the **"Easements"**), together with the right of Grantee to delegate all or any portion or portions of the Easements to any contractors, subcontractors, and other persons and entities

performing the Remediation, or any portion thereof, for Grantee. The Easements in Lot 1 (the servient tenement) shall be appurtenant to Lot 2 (the dominant tenement). In the event that Lot 2 is sold and conveyed by Grantee while this Agreement is in effect, such that Grantee no longer owns fee title to Lot 2, then, at the election of Grantee, either (i) the Easements shall be assigned to the transferee of Lot 2 and the Easements shall continue in effect as Easements appurtenant to Lot 2 (in which event the transferee of Lot 2 shall have the rights and obligations of Grantee hereunder and, if required under Section 13.2 below, the transferee must expressly assume such rights and obligations), or (ii) the Easements shall not be assigned to the transferee of Lot 2 and the Easements shall no longer be appurtenant to Lot 2 but shall continue in effect as Easements in gross in favor of Grantee (in which event Grantee shall continue to have the rights and obligations of Grantee hereunder), until this Agreement has been terminated. However, the election of option (i) above shall be subject to the provisions of Section 13.2 below, and Grantee must elect option (ii) if the transferee of Lot 2 is Grantor such that Lots 1 and 2 are under common ownership.

5.1 Perform Remediation. A non-exclusive easement and right-of-way, in, under and on Lot 1, to perform Remediation and other work that Grantee is required to perform pursuant to applicable environmental Laws any governmental requirements, any agreements between Grantee and any governmental agency, or any work plan for such work.

5.2 Operate, Repair, Replace and Install Remediation Equipment. A non-exclusive easement and right-of-way, in, under and on Lot 1 to operate, repair and replace existing Remediation Equipment, and any other Remediation Equipment installed at the Property by Grantee after the Effective Date in connection with any change of the environmental conditions at the Property, Environmental Laws, technology, or Grantee's approved remediation work plan with the Department or any other requirements or approval by a governmental authority with jurisdiction over any Remediation or Hazardous Materials Conditions at or about the Property. If Grantee wishes to install new Remediation Equipment after the Effective Date, Grantee shall give written notice of its proposed installation to Grantor as provided in Section 8.4 below. As of the date Grantor receives the Grantee request, Grantee may only install such new Remediation Equipment (i) on those portions of Lot 1 that are not then covered by any buildings; or (ii) on those portions of Lot 1 not located within the footprint of any future building (a) upon which construction (ground-breaking) has commenced, or (b) with respect to which a fully executed contract by Grantor to build such building exists if construction has not commenced.

Upon request by Grantor, Grantee and all other parties using the Easements pursuant to this Agreement shall only use paths of ingress and egress over Lot 1 designated by Grantor and reasonably satisfactory to Grantee to perform the Remediation or install new Remediation Equipment.

5.3 Existing and Future Infrastructure. A non-exclusive easement and right-of-way, in, under, and on Lot 1 to use all existing and future roads, streets, sidewalks, curbs,

gutters, street lighting, sewers, storm drains, and to use, maintain, operate, repair, replace, any existing and future utilities, whether installed by Grantee, Grantor or any other person or entity.

5.4 Drainage. A non-exclusive easement and right-of-way, in, under, and on Lot 1, for purposes of surface and subsurface drainage of groundwater, if any, extracted by Grantee at the Property through present (as of the Effective Date) and future natural and man made drainage systems; provided that the portions of Lot 1 used for future man-made surface and sub-surface drainage easements shall be subject to the approval of Grantor, which approval shall not be unreasonably withheld or delayed.

5.5 Electrical and Other Utility Supply to Remediation Equipment. After the Effective Date, Grantor shall make available to Grantee electrical, water and other utility supply to Remediation Equipment. Any of such utilities that are not separately metered shall be made available to Grantee at no cost to Grantee. To the extent that any of such utilities are now or hereafter separately metered, Grantee shall pay to the utility company or reimburse Grantor for all billings for utilities consumed by the Remediation Equipment. If Grantor after the Effective Date provides separate metering for Remediation Equipment, Grantee shall promptly upon demand reimburse Grantor for the cost of all separate meters provided for Remediation Equipment and all related costs of installation.

5.6 Scope of Easement. Without limiting the generality of the foregoing, Grantee may use the Easements in connection with Grantee's Remediation work and related activities on Lot 1 or Lot 2, and Grantee may not use the Easements for any purpose unrelated to such Remediation work and related activities. Grantor and Occupants shall not use, handle, alter or remove any Remediation Equipment without the prior written consent of Grantee which shall not be unreasonably withheld subject to the requirements for Remediation. Grantor and Occupants shall be liable to Grantee for any damage to or replacement of or loss of use of the Remediation Equipment caused by the Grantor or Occupants. The Easements shall be used and interpreted in the narrowest and least intrusive manner consistent with the anticipated use thereof by Grantee so as to minimize or eliminate the adverse impact and effect on the development of and construction on the Property by Grantor and/or its successors and assigns. Subject to the reasonable concurrence of Grantee based on the requirements for Remediation at the Property, Grantor shall have the right, at any time, and from time to time, to conduct one or more surveys of the Property, and to reduce the Easements to fixed legal descriptions at Grantor's sole cost and expense. Grantee shall cooperate with Grantor in connection therewith and shall promptly execute and acknowledge necessary documentation reasonably requested by Grantor to confirm the specific legal descriptions of the revised easements, on the basis of the aforementioned survey(s), and promptly sign any amendment to this Agreement.

6. Notice for Entry. Grantee and any other persons entitled to enter the Property pursuant to the Easements may do so at any time and from time to time as follows: (i) during all times included in any schedule set forth in any written notice given by Grantee to Grantor, or (ii)

upon at least twenty-four (24) hours prior written notice and, in the case of an emergency, with prompt notice after such entry to Grantor and all affected Occupants.

7. Notice For Grantee Relocation/Installation of Remediation Equipment. Grantee shall give written notice to Grantor of Grantee's plan to relocate Remediation Equipment existing at Lot 1 as of the Effective Date or any proposed installation of any new Remediation Equipment at least fifteen (15) days before Grantee plans to commence the proposed work so that Grantor may exercise its rights under Section 8.

For purposes of Notice under Sections 6 and 7 of this Agreement, Grantor and Occupants after the Effective Date shall, from time to time and as ownership or occupancy transfers, give to Grantee written notice at Grantee's address provided in Section 13.6 the name, address and telephone number of each successor owner or Occupant. Each notice by Grantee shall be given to the Grantor, or the last known owner, and the last known Occupant of Lot 1, or any portion thereof, based on such written notice to Grantee of the transfer of such ownership or occupancy. Grantee's tender of notice to such last known owner and Occupant (whether or not received) or the posting of such notice at Lot 1 shall constitute proper notice under this Agreement.

8. Relocation/Installation of Remediation Equipment.

8.1 Grantor Rights/Obligations. If Grantor desires to relocate any Remediation Equipment existing as of the Effective Date or installed by Grantee on Lot 1 after the Effective Date, then Grantor shall make a written request to Grantee at least fifteen (15) days before the commencement of relocation work, specifying the proposed Remediation Equipment to be moved, the proposed new location for the Remediation Equipment to be moved, the proposed date for the relocation of the Remediation Equipment to be moved, and Grantor's proposed plan for providing the new location in a condition satisfactory for the relocation. The relocation date shall be a date to be mutually agreed after the delivery of the request for relocation to Grantee. Grantee's approval shall not be unreasonably withheld or delayed.

8.2 Conditions Precedent to Grantor-Requested Relocation. The following are conditions precedent to any relocation of Remediation Equipment at the request of Grantor, which shall be satisfied by Grantor at its sole case and expense:

(i) The proposed new location shall be no more than 100 feet from the location of the Remediation Equipment to be moved, unless Grantee agrees otherwise (which agreement shall not be unreasonably withheld or delayed);

(ii) Grantee shall have received from the Department or any other governmental authorities with jurisdiction of the Remediation an approval of and consent to such relocation;

(iii) Grantor shall have deposited with Grantee the costs and expenses as reasonably estimated by Grantee ("**Relocation Costs**") that Grantee will incur in connection with the proposed relocation of the Remediation Equipment to be moved including, without limitation, reasonable consultants' fees and attorneys' fees, title insurance and recording charges, and the costs of obtaining approval of the Department or other governmental authority for removing and abandoning existing Remediation Equipment, trenching, utilities, hook up, and purchasing, removing and installing Remediation Equipment. Where applicable, Grantee's estimate will be based on one or more proposals, bids or estimates from qualified service providers. The parties agree to attempt to reuse the Remediation Equipment which is being relocated, if feasible. Grantor acknowledges that, if made necessary by reason of the relocation, additional and more expensive Remediation Equipment might be used in the new location, and that Grantor is responsible for the cost thereof. Grantee may apply the amount deposited by Grantor to pay Relocation Costs as and when due, and Grantor shall immediately upon demand from time to time by Grantee reimburse Grantee for any Relocation Costs incurred by Grantee in excess of such deposited amount. Payments to contractors shall be conditioned on the execution and delivery of lien releases in form and content acceptable to Grantor. Upon completion of the relocation of the Remediation Equipment to be moved, Grantee shall return to Grantor any portion of such amount paid or deposited by Grantor with Grantee in excess of the Relocation Costs actually and reasonably incurred by Grantee.

8.3 Responsibilities For Grantor-Requested Relocation/Installation. With respect to the relocation of Remediation Equipment at the request of Grantor, Grantor and Grantee agree to the following:

(i) Grantee Responsibility. Upon the satisfaction of each of the above conditions precedent to relocation, Grantee shall, at the sole cost and expense of Grantor, remove the Remediation Equipment and/or abandon in place under applicable laws any underground systems and install the Remediation Equipment in the agreed new location in accordance with the agreed schedule.

(ii) Grantor Responsibility. With respect to the relocation of any Remediation Equipment, Grantor shall, at Grantor's sole cost and expense, complete in accordance with the agreed schedule, (a) preparation of the new location in a condition satisfactory to Grantee for the installation of the Remediation Equipment with reasonable access to the new location; and (b) installation of the utilities and utility lines providing utility service.

(iii) Limitation. Notwithstanding any provision to the contrary, neither Grantor nor any other person or entity shall have the right under this Agreement to require Grantee to remove or relocate any existing (as of the Effective Date) or future Remediation Equipment, utility lines or water lines to supply such facilities, that in Grantee's reasonable determination would adversely affect such Remediation Equipment, system and facilities unless Grantee agrees in writing to such relocation or removal or installation or unless Grantor agrees to

remedy, and does remedy, any adverse impact on such Remediation Equipment, system and facilities.

(iv) Reimbursement of Grantee Costs. Grantor shall reimburse Grantee upon request by Grantee from time to time for any additional costs incurred by Grantee due to the relocation of such Remediation Equipment including, without limitation, any additional operating costs incurred because more Remediation Equipment is necessary in the new location than were required in the old location.

8.4 Grantee Rights/Obligations. If Grantee desires to relocate any Remediation Equipment existing as of the Effective Date or install new Remediation Equipment at Lot 1 after the Effective Date, Grantee shall make a written request to Grantor at least fifteen (15) days before the commencement of relocation work, specifying the proposed Remediation Equipment to be moved or installed, the proposed new location for the Remediation Equipment to be moved or installed as approved by the Department or other governmental authorities, the proposed date for the relocation or installation, and proposed plan for the relocation or installation of Remediation Equipment including any work the Grantor must perform to prepare the new location. The relocation date shall be a date to be mutually agreed after the delivery of the request for relocation to Grantor. Grantor's approval shall not be unreasonably withheld or delayed.

8.5 Conditions Precedent to Grantee-Requested Relocation or Installation. The following are conditions precedent to any relocation of Remediation Equipment at the request of Grantee, which shall be satisfied by Grantee at its sole case and expense:

(i) The proposed new location shall be no more than 100 feet from the location of the Remediation Equipment to be moved, unless Grantor agrees otherwise (which agreement shall not be unreasonably withheld or delayed);

(ii) Grantee shall have received from the Department or any other governmental authorities with jurisdiction of the Remediation an approval of and consent to such relocation;

(iii) Grantee shall have deposited with Grantor the costs and expenses as reasonably estimated by Grantor ("**Preparation Costs**") that Grantor will incur in connection with the preparation of the new location and associated installation of utilities as required by this Agreement. Where applicable, Grantor's estimate will be based on one or more proposals, bids or estimates from qualified service providers. Grantor may apply the amount deposited by Grantor to pay Preparation Costs as and when due, and Grantee shall immediately upon demand from time to time by Grantor reimburse Grantor for any Preparation Costs incurred by Grantor in excess of such deposited amount. Payments to contractors shall be conditioned on the execution and delivery of lien releases in form and content acceptable to Grantor. Upon

completion of the relocation or installation of the Remediation Equipment to be moved or installed, Grantor shall return to Grantee any portion of such amount paid or deposited by Grantee with Grantor in excess of the Preparation Costs actually and reasonably incurred by Grantor.

8.6 Responsibilities for Grantee-Requested Relocation/Installation. With respect to the relocation or installation of Remediation Equipment at the request of Grantee, the Grantor and Grantee agree as follows:

(i) Grantee Responsibility. Grantee shall, at its sole cost and expense perform the above work and remove or abandon in place under applicable laws the Remediation Equipment to be relocated and install the Remediation Equipment in the agreed new location in accordance with the agreed schedule. Grantee's costs will include, without limitation, its consultants' fees and attorneys' fees, title insurance and recording charges, and the costs of obtaining approval of the Department or other governmental authority for removing and abandoning existing Remediation Equipment, trenching, utilities, hook up, and purchasing, removing and installing Remediation Equipment. The parties agree to attempt to reuse the Remediation Equipment which is being relocated, if feasible. Grantee acknowledges that additional and more expensive Remediation Equipment might be used in the new location, and that Grantee is responsible for the cost thereof. In addition, Grantee shall deposit with Grantor the costs and expenses reasonably estimated by Grantor to prepare the new location as provided below. If the deposit is not correct, then as necessary, Grantee shall deposit additional funds upon Grantor's request for such funds. Any funds deposited by Grantee with Grantor in excess of the actual costs reasonably incurred shall be returned to Grantee after the work is completed.

(ii) Grantor Responsibility. Grantor shall, at Grantee's sole cost and expense, complete in accordance with the agreed schedule (a) preparation of the new location in a condition satisfactory to Grantee for the relocation and installation of the Remediation Equipment with reasonable access to the new location; and (b) installation of the utilities and utility lines necessary to provide utility service to the new location; and (c) approve the proposed relocation or installation of Grantee within a reasonable time after the receipt of the request and all relevant plans and reports, which approval shall not be unreasonably withheld or delayed; or Grantor shall present alternative locations for the Remediation Equipment acceptable to Grantor subject to the approval of Grantee based on the requirements for Remediation.

(iii) Limitation. Any Grantee request for relocation or installation of Remediation Equipment at Lot 1 is subject to the provisions of Section 5.2 above.

(iv) Reimbursement of Grantor Costs. Grantee shall reimburse Grantor upon request by Grantor from time to time for any additional costs incurred by Grantor due to the relocation of such Remediation Equipment.

9. No Interference by Grantor or Occupants. Subject to the limitations set forth in this Agreement, Grantor shall cause Lot 1 to be available for such access and reasonable use by Grantee to perform Remediation. Grantor hereby acknowledges and agrees on behalf of itself and all Occupants that the reasonable use by Grantee of the Easement does not and will not constitute a nuisance or trespass or give rise to any claim by Grantor or Occupants against Grantee including, without limitation, any claim regarding waste, noise or emissions into the atmosphere. In no event, subject to the provisions of Section 2, shall Grantee be liable for any special, indirect or consequential damages for claims made by Grantor or Occupants, including but not limited to claims for loss of use, rents, anticipated profits or business opportunity, or business interruption, or mental or emotional distress or fear of injury or disease. Grantor and Occupants shall not conduct any tests or have any dealing with governmental authorities on environmental matters relating to any activities of Grantee or the Remediation, past, present or future on or about Lot 1 or Lot 2 without the prior written consent of Grantee (which shall not be unreasonably withheld or delayed) except insofar as Grantor or Occupant is legally required to do so by subpoena, emergency conditions or otherwise. In this regard, Grantee reserves for itself the exclusive right of response to negotiations of, dispute or, and conduct of claims, demands, allegations and suits involving environmental conditions alleged to be caused by Grantee or its predecessors, including without limitation, the exclusive right of performing the Remediation it selects to do or which the Department or other applicable governmental agency may require for situations which Grantee determines are covered by this Agreement and involve Grantee. Grantor and Occupants will cooperate with Grantee in Grantee's Remediation work and will not interfere with Grantee's operations and/or Remediation Equipment. Grantor and Occupants shall do nothing at or about Lot 1 or Lot 2 to increase Grantee's cost of Remediation except as expressly agreed upon by Grantee in this Agreement or otherwise.

10. Covenants Run With Land. The terms of this Agreement shall bind the Grantor and successive owners and Occupants of any and all of Lot 1 for the benefit of Grantee. It is the desire and intention of Grantee as the owner of the Easements and Grantor as the owner of Lot 1 to restrict, at all times until the termination of the Easements as provided below, the use of Lot 1 for the benefit of the Grantee under the terms of this Agreement. It is also the intention of the Grantee and Grantor that the provisions of this Agreement comply with the provisions of California Civil Code Sections 1461, 1462, 1468, and 1471.

11. Further Assurances. Grantor and Grantee and each Occupant of any or all of Lot 1 agrees to perform any further acts and execute and deliver any further documents as may be reasonably necessary to carry out the purposes of this Agreement. Without limiting the generality of the foregoing, Grantor and each Occupant of any or all of Lot 1 shall execute any permits, applications, and other documents reasonably necessary in connection with the Remediation or the obtaining of governmental approvals for the Remediation.

12. Termination. Upon the satisfaction of the Conditions to Closure as provided in Section 4.3 above, Grantee and Grantor or the then owner(s) of any and all of Lot 1 shall execute

and record an agreement terminating the Easements. Upon the recordation of such termination agreement, Grantee shall be deemed irrevocably and unconditionally to have performed all of its obligations under this Agreement, and all of the parties' respective rights and obligations pursuant to this Agreement shall terminate. However, such termination shall not affect any outstanding, accrued claims.

13. Miscellaneous.

13.1 Severability. If any provision of this Agreement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

13.2 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, Grantor and Grantee and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with Lot 1 except as terminated as provided in this Agreement. Without limitation on the generality of the foregoing, (i) each successor owner and each Occupant of any or all of Lot 1 shall acquire its interests in Lot 1 subject to the Easements and shall be bound by the covenants and other agreements, obligations and liabilities of Grantor hereunder, and (ii) Grantee may assign the Easements and this Agreement to any person or entity, provided that only Grantor named herein and not its or their successors, grantees or assigns shall have the right to approve such assignment which approval shall not be unreasonably withheld or delayed. Grantor may condition its approval upon the execution and delivery of an assumption agreement, in form and substance reasonably acceptable to Grantor, whereby the assignee or transferee of Grantee's rights and obligations under the Easements and this Agreement expressly assumes such rights and obligations. No assignment by Grantee shall release or relieve Grantee of its obligations under this Agreement unless such a release or relief is agreed to in writing by Grantor.

13.3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall be deemed to be one and the same document.

13.4 Captions. The captions herein are for convenience of reference only, and do not determine or limit the meaning of this Agreement.

13.5 Deeds of Trust and Mortgages. Any breach of any of the covenants contained in this Agreement shall not affect, impair, defeat or render invalid the lien or charge of any deed of trust or mortgage now or hereafter placed upon all or any part of Lot 1; provided, however, that any owner of Lot 1, or any part thereof, shall be bound by the terms and conditions set forth in this Agreement, whether such owner's title is acquired by judicial foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise.

13.6 Notices. Subject to the other terms of this Agreement, all notices and demands shall be given in writing by personal delivery, courier services, telecopier (with confirmation of receipt) or U.S. registered or certified mail postage prepaid return receipt requested. Notice shall be deemed given upon delivery or tender of delivery to the address of the addressee. Notices shall be addressed to Grantor or Grantee as follows:

If to Grantor:

The Heaton Company
5801 E. Slauson Avenue, Suite 160
Commerce, CA 90040
Attn: Scott A. Heaton, President
Phone: (323) 726-1200
Fax: (323) 726-1942

and

Force Financial Corp.
1545 Wilshire Boulevard, Suite 600
Los Angeles, CA 90017
Attn: Philip R. Graf, President and Manager
Phone: (213) 484-0855
Fax: (213) 484-0417

and

Chalmers Equity Corporation
7820 Industry Avenue
Pico Rivera, CA 90660
Attention: Tracy John Chalmers, President
Phone: (562) 948-4850
Fax: (562) 948-4456

If to Grantee:

Porcelain Metals Corporation
1400 South Thirteenth Street
Louisville, KY 40210-1834
Attention: President
Phone: (502) 635-1200
Fax: (502) 635-7421

99 2161733

with a copy to:

Donald C. Nanney, Esq.
Gilchrist & Rutter Professional Corporation
355 S. Grand Ave., Suite 4100
Los Angeles, CA 90071
Phone: (213) 617-800
Fax: (213) 346-7973

If Grantor or Grantee gives notice to the other party of another name or address in accordance with Section 7 of this Agreement, notices to persons to be notified shall thereafter be given as specified in that notice.

13.7 Applicable Law. This Agreement shall be construed and enforced in accordance with and its performance shall be governed by the law of the State of California including any Environmental Laws.

[Signatures next page following]

IN WITNESS WHEREOF, this Agreement has been executed by Grantor and Grantee as of the date first written above.

"Grantee":

PORCELAIN METALS CORPORATION,
a Kentucky Corporation

By: Allan C. Lerch
Allan C. Lerch, President

"Grantor":

THE HEATON COMPANY
a California corporation

By: Scott A. Heaton
Scott A. Heaton, President

FORCE FINANCIAL CORP.,
a California corporation

By: Philip R. Graf
PHILIP R. GRAF, PRESIDENT

By: Mark R. Minsky
MARK R. MINSKY, VICE PRESIDENT
CHALMERS EQUITY CORPORATION,
a California corporation

By: Tracy John Chalmers
Tracy John Chalmers
President and Secretary

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF KENTUCKY

COUNTY OF Jefferson

On Nov. 17th, 1999 before me, STUART C. MELVIN, personally appeared Allan C. Lerch,

☒ personally known to me - OR - ☐

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Stuart C. Melvin
(SIGNATURE OF NOTARY)

Notary Public, State at Large, KY
My commission expires Sept. 23, 2001

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> CORPORATE OFFICER <u>President</u> <div style="text-align: center;">TITLE(S)</div>	 <u>Easement Agreement</u> <div style="text-align: center;">TITLE OR TYPE OF DOCUMENT</div>
<input type="checkbox"/> PARTNER(S) <div style="margin-left: 100px;"> <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL </div>	
<input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR	<div style="text-align: center;">NUMBER OF PAGES</div>
<input type="checkbox"/> OTHER: _____ 	<div style="text-align: center;">DATE OF DOCUMENT</div>
SIGNER IS REPRESENTING: (NAME OF PERSON(S) OR ENTITY(IES)) <u>Porcelain Metals Corporation, a Kentucky corporation</u>	
_____ _____	SIGNER(S) OTHER THAN NAMED ABOVE _____

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 18, 1999 before me, Hasmik Tabbakhian, personally appeared Tracy John Chalmers,

☐ personally known to me - OR - ☒

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



HASMIK TABBAKHIAN
Commission # 1226719
Notary Public - California
Los Angeles County
My Comm. Expires Jun 28, 2003

WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

President and Secretary

TITLE(S)

Easement Agreement

TITLE OR TYPE OF DOCUMENT

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

- ☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Chalmers Equity Corporation, a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 18, 1999 before me, Hasmik Tabbakhian, personally appeared Scott A. Heaton

☐ personally known to me - OR - ☒

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



HASMIK TABBAKHIAN
Commission # 1226719
Notary Public - California
Los Angeles County
My Comm. Expires Jun 28, 2003

WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL

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CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

President

TITLE(S)

Easement Agreement

TITLE OR TYPE OF DOCUMENT

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

- ☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

The Heaton Company, a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

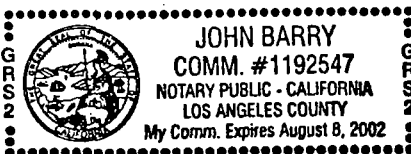
ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On NOVEMBER 18, 1999 before me, JOHN BARRY, personally appeared
MARK R. MINSKY AND PHILIP R. GRAF

☒ personally known to me - OR - ☐



proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

TITLE(S)

Easement Agreement

TITLE OR TYPE OF DOCUMENT

- ☐ PARTNER(S)
 ☐ LIMITED
 ☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Force Financial Corp., a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"DESCRIPTION OF LOT 1

LOT 1 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXHIBIT "B"DESCRIPTION OF LOT 2

LOT 2 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE SOUTHWESTERLY 384.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THE NORTHWESTERLY 70 FEET OF THE SOUTHWESTERLY 50 FEET THEREOF.

TOGETHER WITH:

THE SOUTHWESTERLY 212.05 FEET OF THE NORTHWESTERLY 330.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO THE DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN PROPERTY CONVEYED TO MILO F. BURKE AND GORDON W. SCHULTZ, BY DEED RECORDED IN BOOK 20750 PAGE 18, OFFICIAL RECORDS, SAID POINT BEING SOUTH 62° EAST 330.91 FEET ALONG THE SOUTHWESTERLY LINE OF SAID LOT 43, FROM THE MOST WESTERLY CORNER THEREOF; THENCE NORTH 28° EAST ALONG THE SOUTHEASTERLY LINE OF THE AFOREMENTIONED PROPERTY 212.05 FEET; THENCE NORTH 62° WEST 29.86 FEET TO THE TRUE POINT OF BEGINNING, SOUTHWESTERLY A DISTANCE OF 263.53 FEET ALONG THE ARC OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 267.76 FEET WHICH

BEARS NORTH 44° 10' 23" WEST FROM SAID TRUE POINT OF BEGINNING, TO A POINT OF COMPOUND CURVE; THENCE WESTERLY A DISTANCE OF 38.85 FEET; MEASURED ALONG THE ARC OF A CURVE HAVING A RADIUS OF 279.44 FEET; BEARING NORTH 12° 13' 03" EAST FROM SAID POINT OF COMPOUND CURVE; THENCE NORTH 69° 49' 01" WEST 61.92 FEET TO A POINT IN A LINE WHICH IS PARALLEL WITH AND 20 FEET NORTHEASTERLY OF, MEASURED AT RIGHT ANGLES, TO THE SOUTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH 62° WEST ALONG SAID PARALLEL LINE 19.64 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH 28° EAST THEREON 192.05 FEET; THENCE SOUTH 62° EAST 301.05 FEET TO THE TRUE POINT OF BEGINNING.

SAID LOT 2 SHALL ALSO INCLUDE AN EASEMENT FOR ACCESS, INGRESS, AND EGRESS DESCRIBED AS FOLLOWS:

THE NORTHWESTERLY 30.00 FEET OF THE SOUTHEASTERLY 50.00 FEET OF THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

99 2161734

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

1:01 PM NOV 19 1999

SPACE ABOVE THIS LINE RESERVED FOR RECORDER S USE

TITLE(S)

FEE CODE	N/A	N/A	0	20	9_	19	04	19
REC. FEE	NO. PAGES	NO TITLES	PCOR	D.A. FEE	SURVEY MON.	NOTIF.	INVOL LIEN	NON CONF.

19

EXAMINER S INT.

Assessor s Identification Number (AIN)
To Be Completed By Examiner Or Title Company In Black Ink

Number of Parcels Shown

RECORDING REQUESTED BY
OLD REPUBLIC TITLE COMPANY

WHEN RECORDED RETURN TO.

99 2161734

Name: PORCELAIN METALS CORP.
C/O: GILCHRIST & RUTTER
Address: 355 S. GRAND AVENUE #400
City, St.: LOS Angeles, ca.
Zip: 90071

D.A. FEE Code 20 \$ 2.00

FEE \$ 58 XX

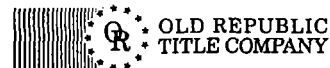
SPACE ABOVE FOR RECORDERS USE

Order No. 779633-44

TITLE(s) OF DOCUMENT

EASEMENT AGREEMENT

Assessors Identification Number (AIN) **6356 - 017 - 007**



(recording cover page 99)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Porcelain Metals Corporation
c/o Gilchrist & Rutter
355 South Grand Avenue, Suite 4100
Los Angeles, California 90071
Attention: Donald C. Nanney, Esq.

EASEMENT AGREEMENT

"This is a conveyance of an easement and (Access, Ingress and Egress)
the consideration and value is less than \$100,
R & T 11S11."

THIS EASEMENT AGREEMENT (Access, Ingress and Egress) (hereinafter referred to as this "Agreement") is dated as of the 17th day of November, 1999, by and between PORCELAIN METALS CORPORATION, a Kentucky corporation (hereinafter referred to as "PMC"), CHALMERS EQUITY CORPORATION, a California corporation (hereinafter referred to as "Chalmers"), THE HEATON COMPANY, a California corporation (hereinafter referred to as "Heaton"), and FORCE FINANCIAL CORP., a California corporation (hereinafter referred to as "Accommodator").

RECITALS

A. Concurrently herewith, PMC, as Grantor, is by Corporation Grant Deed conveying to Heaton and Accommodator, as Grantee, fee title to that certain parcel of real property located in the City of Commerce, County of Los Angeles, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"), subject to a reserved, non-exclusive, perpetual easement for access, ingress and egress by pedestrians and motor vehicles and for purposes of fire lane and utilities (the "Easement") in the portion of the Property described on Exhibit "B" attached hereto and incorporated herein by reference (the "Easement Area"), which easement is appurtenant to and for the use and benefit of, and shall run with, the Grantor's real property located in the City of Commerce, County of Los Angeles, State of California, and described on Exhibit "C" attached hereto and incorporated herein by reference (the "Adjacent Property").

B. Accommodator is taking title to an undivided 50% interest in and to the Property, as a tenant in common with Heaton, solely as an accommodator to facilitate a tax deferred

exchange by Chalmers and with the obligation to convey its interest in the Property to Chalmers upon completion of the exchange.

C. The parties desire to make certain arrangements and enter into certain agreements with respect to the Easement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises, covenants and agreements herein contained, the parties agree as follows:

1. **Definitions.**

In addition to other terms defined herein, as used in this Agreement, the following terms have the following meanings:

1.1 **Impositions.** "Impositions" means all taxes, surcharges, assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to, or after, the date hereof), water, sewer or similar rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges in each case, whether general or special, ordinary or extraordinary, foreseen or unforeseen, of every character (including all interest and penalties thereon), which at any time may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon the Property, any part thereof or upon the possession, leasing, occupancy or use of the Property or any part thereof, including without limitation the Easement Area.

1.2 **Mortgage and Mortgagee.** "Mortgage" means any mortgage, deed of trust, or other security instrument, given in good faith and for value which constitutes a lien on the Property and "Mortgagee" shall mean the holder from time to time of the Mortgage.

1.3 **Owner.** "Owner" shall mean PMC if in connection with or reference to the ownership of the Adjacent Property, and shall mean Heaton, Accommodator and Chalmers if in connection with or reference to the ownership of the Property, and their respective successors and assigns.

1.4 **Permittees.** "Permittees" means Tenants and the officers, directors, members, employees, agents, partners, consultants, contractors, customers, visitors, invitees, licensees and concessionaires of an Owner or any Tenant of the Property or Adjacent Property.

1.5 **Tenant.** A "Tenant" means the lessee or tenant of any space on or in the Adjacent Property or the Property, and "Tenants" means one or more of them.

2. Easement.

2.1 PMC. References to PMC shall include its successors and assigns. It is intended that the Easement shall benefit not only PMC but also its successors and assigns and Tenants or Permittees of PMC.

2.2 Property Owner. References to Heaton, Accommodator and/or Chalmers shall include its or their successors and assigns. It is intended that the Easement shall bind not only Heaton, Accommodator and Chalmers but also their respective successors, assigns.

2.3 "In." The word "in" with respect to the easement reserved "in" the Easement Area means, as the context may require, "in," "to," "on," "over," "through," "upon," "across" and "under," or any one or more of the foregoing.

2.4 Servient Tenement. The Easement in the Easement Area shall bind and burden the Property which shall, for the purposes of this Agreement, be deemed to be the servient tenement.

2.5 Dominant Tenement. The Easement in the Easement Area shall benefit the Adjacent Property which shall, for the purposes of this Agreement, be deemed to be the dominant tenement.

2.6 Improvement, Maintenance and Repair. Heaton and Chalmers shall have the right and duty, at its or their sole cost and expense, to improve, operate, maintain and repair the Easement Area in good order and condition consistent with its intended uses, and to make any and all necessary repairs and replacements of every kind, nature and description to the same. However, PMC shall bear the cost and expense of any repair, maintenance or replacement arising from any damage to the Easement Area caused by PMC, its Tenants or Permittees, other than ordinary wear and tear, and/or in connection with any improvement (e.g., utility installation) to the Easement Area undertaken by PMC. Any improvement, operation, repair, maintenance or replacement by Heaton and/or Chalmers shall not unnecessarily or unreasonably interfere with the rights of PMC and its Tenants and Permittees under the Easement or this Agreement. Any improvements, operation, repair, maintenance or replacement by PMC shall not unnecessarily or unreasonably interfere with the rights of Heaton and/or Chalmers and its or their Tenants and Permittees to the nonexclusive use of the Easement Area.

2.7 Future Development of Adjacent Property. The parties acknowledge that the Adjacent Property is presently unimproved and that it may be developed in the future. Any such development consistent with applicable zoning and land use regulations resulting in increased use of the Easement shall be permissible, and such increased use shall not be deemed an overburden on the Easement, the Easement Area or the Property or otherwise as grounds for termination of the Easement.

2.8 **Unrestricted Access.** The Easement Area shall be kept open and available for non-exclusive use, entry and passage at all times for any and all purposes contemplated by the Easement or incidental thereto.

3. **Notices.**

Any Notice to be given hereunder or pursuant hereto to any party shall be in writing and shall either be personally delivered (in which event such Notice shall be deemed effective only upon such delivery), or delivered by mail, sent by registered or certified mail, postage prepaid, return receipt requested or by nationally recognized overnight courier, to such party at the address set forth below:

If to PMC, to:

Porcelain Metals Corporation
Attn: President
1400 S. Thirteenth Street
Louisville, Kentucky 42010-1834

If to Chalmers, to:

Chalmers Equity Corporation
Attn: President
7820 Industry Avenue
Pico Rivera, California 90660

If to Heaton, to:

The Heaton Company
5801 E. Slauson Avenue, Suite 160
Commerce, CA 90040
Attn: Scott A. Heaton, President

If to Accommodator, to:

Force Financial Corp.
1545 Wilshire Boulevard, Suite 600
Los Angeles, CA 90017
Attn: Philip R. Graf, President and Manager

Notices so mailed shall be deemed to have been given seventy-two (72) hours after the deposit of same in any United States mail post office box to which the Notice is addressed, postage prepaid, addressed as set forth above or twenty-four (24) hours after deposit of same with a nationally recognized overnight courier for next day delivery, delivery charges prepaid, addressed as set forth above. The addresses and addressees, for the purpose of this Section, may be changed by giving written Notice of such change in the manner herein provided for giving Notice. Unless and until such written Notice is received, the last address and addressee stated by written Notice, or as provided herein if no written Notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

4. **Amendment; No Merger.**

Except as otherwise provided for herein, this Agreement may be amended or otherwise modified (including the termination of the Easement), only by a writing signed and acknowledged by each Owner and recorded in the office of the County Recorder for Los Angeles County, California, and only with the prior written consent of and approval of each Mortgagee and of any governmental authority having the right to approve the amendment hereof. No consent of any Tenant or Permittee shall be required to amend this Agreement or the Easement. It is the intention of the parties that there shall be no termination of the Easement or this Agreement by reason of the ownership of the Property and the Adjacent Property becoming vested in the same owner, unless a new Certificate of Compliance is obtained from the City of Commerce eliminating the need for an easement in the Property for access, ingress and egress to and from the Adjacent Property.

5. **Payment of Impositions.**

Heaton and Chalmers shall pay all Impositions imposed on or charged against the Property (including any improvements thereon) in a timely manner in order to avoid the foreclosure of any lien on such Property for the payment of Impositions. Notwithstanding the foregoing, Heaton and Chalmers shall have the right to contest such Impositions provided that Heaton and Chalmers do not permit the foreclosure of any lien for such Impositions on the Property, including the Easement Area.

6. **Miscellaneous.**

6.1 **References to Articles, Sections and Subsections.** All references herein to a given Article, Section, Paragraph, Subsection or Subparagraph refer to the Article, Section, Paragraph, Subsection or Subparagraph of this Agreement.

6.2 **Headings.** The headings of this Agreement are inserted only as a matter of convenience and for reference. They do not define, limit or describe the scope or intent of this Agreement and they shall not affect the interpretation hereof.

6.3 **Waiver of Default.** A waiver of any default by a party must be in writing and no such waiver shall be implied from any omission by a party to take any action in respect of such default. No express written waiver of any default shall affect any default or cover any period of time other than the default and period of time specified in such express waiver. One or more written waivers of any default in the performance of any provision of this Agreement shall not be deemed to be a waiver of any subsequent default in the performance of the same provision or any other term or provision contained herein. The consent or approval by a party to or of any act or request by another party requiring consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar acts or requests. The rights and remedies given to a party by this Agreement shall be deemed to be cumulative and no one of such rights and remedies shall be exclusive of any of the others, or of any other right or remedy at law or in equity which a party might otherwise have by virtue of a default under this Agreement, and the exercise of one such right or remedy by a party shall not impair such party's standing to exercise any other right or remedy.

6.4 **Payment on Default.** If under this Agreement any Owner is compelled or elects to pay any sum of money or do any acts that require the payment of money by reason of another Owner's failure or inability to perform any of the provisions of this Agreement to be performed by such other Owner, the defaulting Owner shall promptly upon demand reimburse the paying Owner for such sums. Any other sums payable by any Owner to another Owner under this Agreement that shall not be paid when due shall bear interest at the rate of one percent (1%) per annum over the prime rate of interest announced from time to time by The Chase Manhattan Bank, N.A. (but in no event exceeding the maximum lawful annual rate) from the due date until the payment thereof.

6.5 **No Partnership, Joint Venture or Principal-Agent Relationship.** Neither anything in this Agreement nor any acts of the Owners pursuant to this Agreement shall be deemed by the Owners, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Owners.

6.6 **Successors.** This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

6.7 **Severability.** If any provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement (or the application of such provision to the persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby, and each provision of this Agreement, unless specifically conditioned upon such invalid or unenforceable provision shall be valid and enforceable to the fullest extent permitted by law.

6.8 **Release.** If any Owner or other person obligated to comply with any provisions of this Agreement sells, transfers or otherwise conveys its interest in the Property or Adjacent

Property, or any part thereof, such party or person shall, as respects the Property or Adjacent Property or part thereof so conveyed, be released from all liabilities and obligations arising hereunder from and after the date of transfer, and the obligations of this Agreement from and after the date of transfer shall be binding on such transferee. The transferring party shall remain liable for any obligation arising hereunder prior to the date of transfer to the extent of the value of such transferring party's interest in the Property or Adjacent Property conveyed as of the time immediately preceding such transfer. In addition, the transferee will be liable for all obligations of the transferring party arising under this Agreement prior to the date of transfer solely to the extent such transferee is notified of the nature and amount of such obligations by another Owner by a written notice received by the transferee at least three (3) business days prior to the date of such transfer. Both the transferring party and the transferee (including a Mortgagee in a foreclosure or deed in lieu of foreclosure, or other transfer) agree to give notice to other Owners that the transferring party intends to transfer its interest in the Property or Adjacent Property or a portion thereof, at least fifteen (15) days prior to the date of transfer so that any other Owners have the opportunity to notify the transferring party and transferee of any claims under this Agreement it has against the transferring party; failure to give such notice to any other Owners will result in the transferee being liable for all of the unsatisfied obligations of the transferring party arising hereunder prior to the date of transfer. Notwithstanding any other provisions of this Section 6.8, unless a Mortgagee expressly assumes additional obligations under this Agreement following such Mortgagee's acquisition of the Property or Adjacent Property of the transferring party, such Mortgagee shall in no event be liable for any monetary obligations of such transferring party under this Agreement arising prior to the date of the transfer whether or not such notice to another Owner was given prior to the transfer, or a notice of default was provided by another Owner to such Mortgagee, but such Mortgagee shall be liable for non-monetary and improvement, repair and maintenance obligations of the transferring party arising prior to the date of transfer to the extent provided in this Section 6.8. This Section 6.8 does not modify or amend any present or future rights of any Mortgagee against the Owner whose Property or Adjacent Property is encumbered by such Mortgagee.

6.9 **Governing Laws.** This Agreement shall be construed and governed in accordance with the laws of the State of California.

6.10 **Dedication.** Nothing herein contained shall be deemed to be a gift or dedication of any part of the Property or the Adjacent Property to the general public, or for the general public or for any public purpose whatsoever, it being the intention of the parties that this Agreement shall be strictly limited to and for the purposes herein expressed.

6.11 **Covenants Run With the Land.** The covenants, easements, agreements, promises and duties of each party as set forth in this Agreement shall be construed as covenants and not as conditions, and, to the fullest extent legally possible, all such covenants shall run with the land or constitute equitable servitudes as between the property of the respective covenantor,

as the servient tenement, and the property of the respective covenantee, as the dominant tenement.

Unless the context indicates otherwise, every covenant, easement, agreement and promise of each party as set forth in this Agreement shall be deemed a covenant, easement, agreement and promise made for the benefit of the other party and every duty of each party as set forth in this Agreement shall be deemed to run to and for the benefit of the other party.

6.12 **Default Shall Not Permit Termination of Easement.** No default under this Agreement or violation of rights under the Easement shall entitle any party to cancel or otherwise rescind this Agreement or the Easement, provided, however, that this limitation shall not affect any other rights or remedies that the parties may have by reason of any default under this Agreement or violation of rights under the Easement.

6.13 **Right to Enjoin.** In the event of any violation or threatened violation of any of the provisions of this Agreement or of the Easement by a party, the other party shall have the right to apply to a court of competent jurisdiction for an injunction against such violation or threatened violation, but nothing in this Section 6.13 shall be deemed to affect whether or not injunctive relief is available on account of such violation or threatened violation.

6.14 **Rights, Privileges, and Easements with Respect to Liens.** This Agreement and the Easement shall in all events be superior and senior to any lien placed upon the Property, including the lien of any Mortgages. Subject to Section 4, any amendments or modifications hereof, whenever made, shall be deemed superior and senior to any and all liens, including the lien of Mortgages.

6.15 **Attorneys' Fees.** In the event any Owner shall institute any action or proceeding against the other or others relating to the provisions of this Agreement or the Easement, or any default hereunder, then, and in that event, the unsuccessful party or parties in such action or proceeding shall reimburse the successful party or parties therein for the reasonable expenses of attorneys' fees and disbursements incurred therein by the successful party or parties as determined in the action or proceeding.

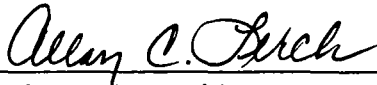
6.16 **Time of Essence.** Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

6.17 **Integration.** This Agreement and the Easement set forth the entire agreement between the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written, but this Agreement shall not be effective until it and the grant deed containing the reserved Easement are recorded in the records of Los Angeles County, California.

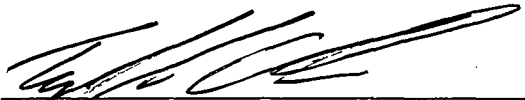
"PMC":

PORCELAIN METALS CORPORATION,
a Kentucky corporation

By: 
Allan C. Lerch, President

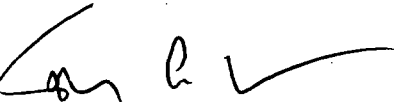
"Chalmers":

CHALMERS EQUITY CORPORATION,
a California corporation

By: 
Tracy John Chalmers, President and Secretary

"Heaton":

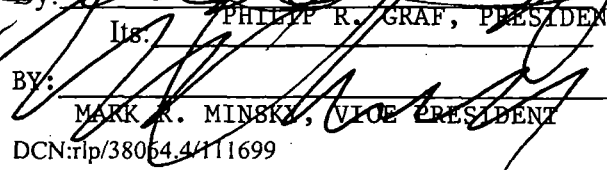
THE HEATON COMPANY
a California corporation

By: 
Scott A. Heaton, President

"Accommodator":

FORCE FINANCIAL CORP.,
a California corporation

By: 
Its: PHILIPPE R. GRAF, PRESIDENT

BY: 
MARK R. MINSKY, VICE PRESIDENT

DCN:rlp/38064.4/111699
3293.006

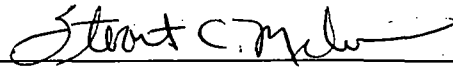
ALL-PURPOSE ACKNOWLEDGMENT

STATE OF KENTUCKY

COUNTY OF JeffersonOn November 17, 1999 before me, STUART C. MELVIN, personally appeared Allan C. Lerch,☒ personally known to me - OR - ☐

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



(SIGNATURE OF NOTARY)

Notary Public, State at Large, KY

My commission expires Sept. 20, 2001

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> CORPORATE OFFICER <u>President</u> <div style="text-align: center;">TITLE(S)</div>	<u>Easement Agreement</u> <div style="text-align: center;">TITLE OR TYPE OF DOCUMENT</div>
<input type="checkbox"/> PARTNER(S) <div style="margin-left: 100px;"> <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL </div>	
<input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR	<div style="text-align: center;">NUMBER OF PAGES</div>
<input type="checkbox"/> OTHER: _____ 	<div style="text-align: center;">DATE OF DOCUMENT</div>
SIGNER IS REPRESENTING: (NAME OF PERSON(S) OR ENTITY(IES)) <u>Porcelain Metals Corporation, a Kentucky corporation</u>	
_____ _____	SIGNER(S) OTHER THAN NAMED ABOVE _____

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On Nov. 18, 1999, 1999 before me, Hasmik Tabbakhian, personally appeared Tracy John Chalmers,

☐ personally known to me - OR - ☒

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



HASMIK TABBAKHIAN
Commission # 1226719
Notary Public - California
Los Angeles County
My Comm. Expires Jun 28, 2003

WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

President and Secretary
TITLE(S)

Easement Agreement
TITLE OR TYPE OF DOCUMENT

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Chalmers Equity Corporation, a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

ALL-PURPOSE ACKNOWLEDGMENT

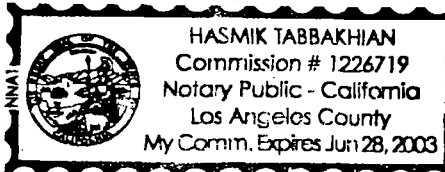
STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On November 18, 1999 before me, Hasmik Tabbakhian, personally appeared Scott A. Heaton

☐ personally known to me - OR - ☒

proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

(SIGNATURE OF NOTARY)

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- ☐ INDIVIDUAL
☒ CORPORATE OFFICER

President

TITLE(S)

Easement Agreement

TITLE OR TYPE OF DOCUMENT

- ☐ PARTNER(S)
☐ LIMITED
☐ GENERAL

- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR

☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

The Heaton Company, a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On NOVEMBER 18, 1999 before me, JOHN BARRY, personally appeared
MARK R. MINSKY AND PHILIP R. GRAF

☒ personally known to me - OR - ☐



proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Force Financial Corp., a California corporation

SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"

THE PROPERTY

99 2161734

LOT 1 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

THE EASEMENT AREA

EASEMENT FOR ACCESS, INGRESS AND EGRESS TO LOT 2 OVER A PORTION OF LOT 1 IN LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE NORTHWESTERLY 30.00 FEET OF THE SOUTHEASTERLY 50.00 FEET OF THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

THE ADJACENT PROPERTY

LOT 2 OF LOT LINE ADJUSTMENT NO. 99-01, CITY OF COMMERCE, CALIFORNIA, AS SHOWN IN THAT CERTAIN CERTIFICATE OF COMPLIANCE, DATED SEPTEMBER 13, 1999, AND RECORDED ON SEPTEMBER 13, 1999, AS INSTRUMENT NO. 99-1738688 IN THE OFFICIAL RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND DESCRIBED AS FOLLOWS:

THE SOUTHWESTERLY 384.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THE NORTHWESTERLY 70 FEET OF THE SOUTHWESTERLY 50 FEET THEREOF.

TOGETHER WITH:

THE SOUTHWESTERLY 212.05 FEET OF THE NORTHWESTERLY 330.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO THE DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.

EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF THAT CERTAIN PROPERTY CONVEYED TO MILO F. BURKE AND GORDON W. SCHULTZ, BY DEED RECORDED IN BOOK 20750 PAGE 18, OFFICIAL RECORDS, SAID POINT BEING SOUTH 62° EAST 330.91 FEET ALONG THE SOUTHWESTERLY LINE OF SAID LOT 43, FROM THE MOST WESTERLY CORNER THEREOF; THENCE NORTH 28° EAST ALONG THE SOUTHEASTERLY LINE OF THE AFOREMENTIONED PROPERTY 212.05 FEET; THENCE NORTH 62° WEST 29.86 FEET TO THE TRUE POINT OF BEGINNING, SOUTHWESTERLY A DISTANCE OF 263.53 FEET ALONG THE ARC OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 267.76 FEET WHICH BEARS NORTH 44° 10' 23" WEST FROM SAID TRUE POINT OF BEGINNING, TO A POINT OF COMPOUND CURVE; THENCE WESTERLY A DISTANCE OF 38.85 FEET; MEASURED ALONG THE ARC OF A CURVE HAVING A RADIUS OF 279.44 FEET; BEARING NORTH 12° 13' 03" EAST FROM SAID POINT OF COMPOUND CURVE; THENCE NORTH 69° 49' 01" WEST 61.92 FEET TO A POINT IN A LINE WHICH IS PARALLEL WITH AND 20 FEET NORTHEASTERLY OF, MEASURED AT RIGHT ANGLES, TO THE SOUTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH

62°WEST ALONG SAID PARALLEL LINE 19.64 FEET TO THE NORTHWESTERLY LINE OF SAID LOT 43; THENCE NORTH 28° EAST THEREON 192.05 FEET; THENCE SOUTH 62° EAST 301.05 FEET TO THE TRUE POINT OF BEGINNING.

SAID LOT 2 SHALL ALSO INCLUDE AN EASEMENT FOR ACCESS, INGRESS, AND EGRESS DESCRIBED AS FOLLOWS:

THE NORTHWESTERLY 30.00 FEET OF THE SOUTHEASTERLY 50.00 FEET OF THE NORTHEASTERLY 430.00 FEET OF THE SOUTHEASTERLY 228 FEET OF THE NORTHWESTERLY 558.91 FEET OF LOT 43 OF EAST LAGUNA, IN THE CITY OF COMMERCE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON MAP MARKED EXHIBIT "A" AND ATTACHED TO DECREE OF PARTITION IN ACTION B81961, SUPERIOR COURT OF SAID COUNTY, A CERTIFIED COPY OF WHICH DECREE IS RECORDED IN BOOK 122 PAGE 162 ET SEQ. OF OFFICIAL RECORDS.